MEDIA RELEASE

June 3, 2015

DEEPLY ROOTED

SCOTIA GROUP JAMAICA REPORTS SECOND QUARTER FINANCIAL RESULTS

YEAR TO DATE 2015 HIGHLIGHTS

- **Net Income of $3.85 billion**
- **Net Income available to common shareholders of $3.75 billion**
- **Earnings per share of $1.21**
- **Return on Average Equity of 9.71%**
- **Productivity ratio of 66.35%**
- **Year to date dividends of 80 cents per share**

SECOND QUARTER 2015 HIGHLIGHTS

- **Net Income of $2.37 billion**
- **Net Income available to common shareholders of $2.30 billion**
- **Earnings per share of $0.74**
- **Return on Average Equity of 11.84%**
- **Productivity ratio of 58.53%**
- **Second quarter dividend of 40 cents per share**

Scotia Group reports net income of $3.845 billion for the six months ended April 30, 2015. This represents a decrease of $1.1 billion, when compared with the restated net income of $4.96 billion for the period ended April 30, 2014. The reduction was primarily due to the adoption of IFRIC 21, Levies, which requires a change in the accounting treatment for Asset Tax, as well as the increase in the asset tax rates imposed by the Government of Jamaica in May 2014. Additionally, during the second quarter the Government introduced a new tax regime for insurance companies. Effective March 2015, insurance companies were subjected to corporate income tax of 25% on statutory income. This will replace the current investment income tax of 15% and premium tax of 3%. This change resulted in an increased tax charge of $368 million for Scotia Jamaica Life Insurance Company.

The Board of Directors today, approved a second interim dividend of 40 cents per stock unit payable on July 16, 2015, to stockholders on record at June 23, 2015.

Jackie Sharp, President & CEO said, "The core business is performing well with net income before tax increasing by $179 million over prior year when the combined impact of over $1 billion in higher taxes is excluded. Our major business lines showed growth during the quarter, particularly in lending, deposits and insurance. Our loan portfolio grew by 8% year over year, and we have been recognized as the leading financial institution in the usage of the DBJ facilities for the SME sector for the credit enhancement facility and technical assistance. We remain focused on our strategic priorities to deliver the right financial solutions to our customers and growing our core business, while ensuring that we review all aspects of our operations to improve efficiencies."

Scotiabank Group

For further information contact: Frederick Williams, Executive Vice President and Chief Financial Officer/Chief Administrative Officer
Email: frederick.williams@scotiabank.com

GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenue for the six months was $17.7 billion, an increase of $372 million or 2.14% over prior year. For the Q2/2015 quarter, total revenue of $8,723 million was down $281 million or 3.12% when compared to Q1/2015. The diversified earning stream for the Group continues to provide sustainable revenues from each business line as outlined below:

J$ Million	YTD 2015 Revenue	% Contribution
Treasury	1,432	8%
Retail Banking	7,836	44%
Corporate Banking	3,861	22%
Investment Management Services	1,669	9%
Insurance Services	2,483	14%
Other	447	3%
Total Revenues	17,728	100%

NET INTEREST INCOME

Net interest income after impairment losses for the period was $11.4 billion, an increase of $235 million when compared with the same period in 2014. Our strong risk management culture has resulted in a reduction in the impairment losses on loans by $242 million, due to enhanced adjudication, monitoring and collection efforts. The Group continues to report strong growth in loan volumes during the year, particularly for our Residential Mortgages, Consumer and Commercial portfolios, however net interest margins have declined slightly due to the competitive environment.

OTHER REVENUE

Other revenue for the period amounted to $5.7 billion, an increase of $378 million or 7% compared to 2014, and down $142 million or 4.85% compared to last quarter. The year over year growth is primarily reflected in net fee and commission income which increased by $450 million, due to increased transaction volumes and increase in market share in our merchant service business. Net gains on financial assets improved during the quarter, however it declined year over year due to lower trading activity in Scotia Investments.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio - a key measure of cost efficiency - was 66.35% for 2015, compared to 62.04% for the same period as at April 30, 2014. Operating Expenses for the six months amounted to $11.1 billion, an increase of $1.2 billion or 12.5% compared to the similar period last year. The significant increase in operating expenses is due primarily to the increase in the Asset Tax resulting from the adoption of IFRIC 21, Levies as well as the increase in the rates from 0.14% to 0.25% for regulated financial institutions, except insurance companies where the increase was from 0.14% to 1.00%. This resulted in Asset Tax of $1.29 billion being recorded in the financial results for April 2015, compared to $484 million for April 2014, an increase of $803 million. Excluding the impact of Asset Tax, Operating Expenses would have increased by $434 million or 5%. The Group continues to focus on executing various initiatives to drive greater efficiencies and manage down structural costs.

GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by $9.1 billion or 2.24% to $414 billion as at April 30, 2015. The growth was primarily attributable to a $10.8 billion or 7.9% increase in Loans, after allowance for impairment losses.

Loans, after allowance for impairment losses amounted to $147.55 billion as at April 30, 2015. Non-performing loans (NPLs) at April 30, 2015 totaled $4.9 billion, representing 3.26% of total gross loans down from 3.45 % last year and 3.34% as at January 31, 2015. The Group's aggregate loan loss provision as at April 30, 2015 was $5.3 billion, representing over 100% coverage of the total non-performing loans.

LIABILITIES

Total customer liabilities represented by deposits, securities sold under repurchase agreements, and policyholders' funds grew to $309 billion, an increase of $1.15 billion or 3.7% compared to 2014. Most of the growth was reflected in deposits, which grew by 7.4% year over year. Our repo liabilities continued to decline in keeping with our strategy of shifting the Scotia Investments business model to an off-balance sheet funds management model. Total off-balance sheet funds under management grew by 13.2% to $103.8B year over year.

CAPITAL

Total shareholders' equity grew to $81.8 billion, increasing by $5.8 billion over April 30, 2014. We continue to exceed regulatory capital requirements in all our business lines, and our strong capital position also enables us to take advantage of future growth opportunities.

OUR COMMITMENT TO THE COMMUNITY

During the quarter, Scotiabank made donations totaling $28.8 million to support major and small community projects through the Scotia Foundation and its island wide branch network.

In Student Care, the Foundation contributed $7.0 million to fund the Scotiabank Chair in Entrepreneurship and Development at the University of Technology, $15.2 million for the building of dormitories at Jamaica College and $2.5 million to the University of the West Indies for an Honorary Distinguished Fellow to undertake empirical research focused on public administration and economic development.

In Health Care, the Foundation purchased an electrosurgical unit for the Pediatric Ward at the Cornwall Regional Hospital at a cost of $1.4 million.

In Community Care, the Foundation also made donations in support of over 40 charitable organizations and activities islandwide.

In March, the Foundation culminated its Girls Empowered for Motherhood and Success (GEMS) programme with a conference for over 200 teenage mothers from the Women's Centre Foundation of Jamaica and the presentation of the ScotiaFoundation GEMS award to two women who had defied the odds as teenage moms and were now continuing their education at the tertiary level. The programme which started in November, saw staff members making donations to the Center for the girls and conducting a 10 week programme on Career Success with Jamaica Junior Achievement at all Women's Center locations islandwide. Over 100 ScotiaVolunteers supported this programme.

Scotia Group Jamaica takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in us. Our continued success for over 125 years is as a result of the great execution by our team of skilled and dedicated employees, and we thank them for their professionalism and commitment.

Scotia Group Jamaica Limited
Consolidated Statement of Revenue and Expenses
Period ended April 30, 2015

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	April 2015	Restated January 2015	Restated April 2014	April 2015	Restated April 2014
Interest Income	7,376,253	7,628,553	7,394,784	15,004,806	15,078,491
Interest Expense	(1,432,530)	(1,545,208)	(1,583,474)	(2,977,738)	(3,045,073)
Net Interest Income	5,943,723	6,083,345	5,811,310	12,027,068	12,033,418
Impairment losses on loans	(292,948)	(344,204)	(361,603)	(637,152)	(878,785)
Net interest income after impairment losses	5,650,775	5,739,141	5,449,707	11,389,916	11,154,633
Net fee and commission income	1,624,289	1,578,994	1,366,026	3,203,283	2,753,116
Insurance revenue	761,842	524,689	642,830	1,286,531	1,158,967
Net gains on foreign currency activities	278,863	746,514	543,678	1,025,377	1,091,716
Net gains on financial assets	101,860	70,285	206,034	172,145	302,525
Other revenue	12,885	862	5,049	13,747	16,502
	2,779,739	2,921,344	2,763,617	5,701,083	5,322,826
Total Operating Income	8,430,514	8,660,485	8,213,324	17,090,999	16,477,459
Operating Expenses					
Salaries and staff benefits	2,689,715	2,672,346	2,519,619	5,362,061	5,129,441
Property expenses, including depreciation	500,415	493,912	543,169	994,327	1,007,357
Amortisation of intangible assets	24,329	25,591	57,164	49,920	114,389
Asset tax	(9,336)	1,295,544	0	1,286,208	483,555
Other operating expenses	1,607,506	1,826,180	1,509,824	3,433,686	3,154,315
	4,812,629	6,313,573	4,629,776	11,126,202	9,889,057
Profit before taxation	3,617,885	2,346,912	3,583,548	5,964,797	6,588,402
Taxation	(1,252,626)	(866,887)	(800,316)	(2,119,513)	(1,627,289)
Profit for the period	2,365,259	1,480,025	2,783,232	3,845,284	4,961,113
Attributable to:-					
Equityholders of the Company	2,298,136	1,454,442	2,688,281	3,752,578	4,797,125
Non-Controlling Interest	67,123	25,583	94,951	92,706	163,988
Earnings per share (cents)	74	47	86	121	154
Return on average equity (annualized)	11.84%	7.58%	15.00%	9.71%	13.50%
Return on assets (annualized)	2.22%	1.41%	2.66%	1.81%	2.37%
Productivity ratio	58.53%	73.94%	58.21%	66.35%	62.04%

Scotia Group Jamaica Limited
Consolidated Statement of Comprehensive Income
Period ended April 30, 2015

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	April 2015	Restated January 2015	Restated April 2014	April 2015	Restated April 2014
Profit for the period	2,365,259	1,480,025	2,783,232	3,845,284	4,961,113
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	752,566	176,449	915,609	929,015	1,118,850
Taxation	(250,856)	(58,816)	(305,203)	(309,672)	(372,950)
	501,710	117,633	610,406	619,343	745,900
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains / (losses) on available for sale assets	(135,515)	173,347	187,009	37,832	6,571
Realised (gains) / losses on available for sale assets	(20,220)	(20,760)	12,751	(40,980)	28,207
Amortisation of fair value reserve on financial instruments reclassified to loans and receivable	6,715	6,203	(63,345)	12,918	(80,079)
	(149,020)	158,790	136,415	9,770	(45,301)
Taxation	49,100	(25,267)	(45,021)	23,833	(38,012)
	(99,920)	133,523	91,394	33,603	(83,313)
Other comprehensive income, net of tax	401,790	251,156	701,800	652,946	662,587
Total comprehensive income for the period	2,767,049	1,731,181	3,485,032	4,498,230	5,623,700
Attributable to:-					
Equityholders of the Company	2,706,444	1,693,156	3,361,319	4,399,600	5,457,273
Non-Controlling Interest	60,605	38,025	123,713	98,630	166,427

SCOTIA GROUP JAMAICA LTD
Consolidated Statement of Financial Position
April 30, 2015

Unaudited	April 30, 2015	Restated October 31, 2014	Restated April 30, 2014
($ Thousands)			
ASSETS			
CASH RESOURCES	73,444,860	82,482,561	86,782,592
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	880,128	981,731	704,190
INVESTMENT SECURITIES	101,747,485	83,648,910	82,718,827
PLEDGED ASSETS	56,959,337	64,392,080	69,142,001
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	901,166	300,516	-
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	147,550,297	145,732,002	136,730,372
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	7,880,959	7,630,964	7,223,886
Property, plant and equipment	5,398,204	5,286,427	4,773,734
Deferred taxation	2,546	2,520	8,952
Taxation recoverable	2,594,027	2,270,027	2,484,926
Retirement benefit asset	13,258,421	11,679,613	11,345,929
Other assets	1,870,835	1,346,940	1,339,697
Intangible assets	1,231,435	1,275,971	1,389,395
	32,236,427	29,492,462	28,566,519
TOTAL ASSETS	**413,719,700**	**407,030,262**	**404,644,501**
LIABILITIES			
Deposits by the public	202,263,828	190,726,667	188,258,677
Amounts due to banks and other financial institutions	11,179,250	10,916,319	11,861,152
	213,443,078	201,642,986	200,119,829
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	7,880,959	7,630,964	7,223,886
Securities sold under repurchase agreements	40,238,142	47,840,197	51,761,745
Capital management and government securities funds	11,656,498	13,003,074	12,864,810
Deferred taxation	4,071,088	3,774,323	3,423,755
Retirement benefit obligation	4,048,259	3,408,465	3,463,855
Other liabilities	6,995,623	6,527,235	6,759,215
	74,890,569	82,184,258	85,497,266
POLICYHOLDERS' LIABILITIES	43,571,213	43,309,571	43,011,475
STOCKHOLDERS' EQUITY			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,248,591	3,248,591	3,248,591
Retained earnings reserve	18,591,770	16,591,770	15,491,770
Capital reserve	9,383	9,383	9,383
Loan loss reserve	3,288,005	3,202,002	2,902,279
Other reserves	12,892	12,892	12,892
Cumulative remeasurement result from available for sale assets	137,736	101,566	(253,206)
Unappropriated profits	46,536,392	46,748,239	44,762,007
	78,394,579	76,484,253	72,743,526
Non-controlling interest	3,420,261	3,409,194	3,272,405
	81,814,840	79,893,447	76,015,931
TOTAL EQUITY AND LIABILITIES	**413,719,700**	**407,030,262**	**404,644,501**

Director

J.A. Chrmiska

Director

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Changes in Shareholders' Equity
April 30, 2015

Unaudited ($ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement result from Available for Sale financial assets	Loan Loss Reserve	Other Reserves	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
Balance as at 31 October 2013	6,569,810	3,248,591	14,391,770	9,383	(463,053)	2,781,066	12,892	42,761,422	69,311,881	3,168,900	72,480,781
Effect of IFRIC 21	-	-	-	-	-	-	-	463,646	463,646	19,909	483,555
Balance as at 31 October 2013 (restated)	6,569,810	3,248,591	14,391,770	9,383	(463,053)	2,781,066	12,892	43,225,068	69,775,527	3,188,809	72,964,336
Net Profit	-	-	-	-	-	-	-	4,797,125	4,797,125	163,988	4,961,113
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	745,900	745,900	-	745,900
Unrealised losses on available-for-sale securities, net of taxes	-	-	-	-	(26,102)	-	-	-	(26,102)	24,094	(2,008)
Realised losses on available-for-sale securities, net of taxes	-	-	-	-	17,678	-	-	-	17,678	1,430	19,108
reclassified to loans and receivables	-	-	-	-	(77,328)	-	-	-	(77,328)	(23,085)	(100,413)
Total Comprehensive Income	-	-	-	-	(85,752)	-	-	5,543,025	5,457,273	166,427	5,623,700
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	1,100,000	-	-	-	-	(1,100,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	121,213	-	(121,213)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	295,599	-	-	(295,599)	-	-	-
Net movement in reserves for non-controlling interests	-	-	-	-	-	-	-	-	-	4,732	4,732
Dividends Paid	-	-	-	-	-	-	-	(2,489,274)	(2,489,274)	(87,563)	(2,576,837)
Balance as at 30 April 2014 (restated)	6,569,810	3,248,591	15,491,770	9,383	(253,206)	2,902,279	12,892	44,762,007	72,743,526	3,272,405	76,015,931
Balance as at 31 October 2014	6,569,810	3,248,591	16,591,770	9,383	101,566	3,202,002	12,892	45,591,093	75,327,107	3,375,956	78,703,063
Effect of IFRIC 21	-	-	-	-	-	-	-	1,157,146	1,157,146	33,238	1,190,384
Balance as at 31 October 2014 (restated)	6,569,810	3,248,591	16,591,770	9,383	101,566	3,202,002	12,892	46,748,239	76,484,253	3,409,194	79,893,447
Net Profit	-	-	-	-	-	-	-	3,752,578	3,752,578	92,706	3,845,284
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	619,343	619,343	-	619,343
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	46,564	-	-	-	46,564	5,913	52,477
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(25,517)	-	-	-	(25,517)	(1,969)	(27,486)
Amortization of fair value reserves on financial assets											
reclassified to loans and receivables	-	-	-	-	6,632	-	-	-	6,632	1,980	8,612
Total Comprehensive Income	-	-	-	-	27,679	-	-	4,371,921	4,399,600	98,630	4,498,230
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	2,000,000	-	-	-	-	(2,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	86,003	-	(86,003)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	8,491	-	-	(8,491)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(2,489,274)	(2,489,274)	(87,563)	(2,576,837)
Balance as at 30 April 2015	6,569,810	3,248,591	18,591,770	9,383	137,736	3,288,005	12,892	46,536,392	78,394,579	3,420,261	81,814,840

Scotia Group Jamaica Limited
Condensed Statement of Consolidated Cash Flows
Period ended 30 April 2015

Unaudited *($ Thousands)*	**2015**	**Restated 2014**
Cash flows provided by / (used in) operating activities		
Profit for the year	3,845,284	4,961,113
Items not affecting cash:		
Depreciation	252,695	246,986
Impairment losses on loans	637,152	878,785
Amortisation of intangible assets	51,161	114,389
Taxation	2,119,513	1,627,289
Net interest income	(12,027,068)	(12,033,418)
Loss on sale of property	(7,513)	4,546
	(5,128,776)	(4,200,310)
Changes in operating assets and liabilities		
Loans	(2,460,166)	(2,741,870)
Deposits	10,165,313	4,739,963
Policyholders reserve	261,642	(2,484)
Securities sold under repurchase agreement	(7,443,733)	9,014,979
Financial Assets at fair value through profit and loss	98,755	108,876
Interest received	15,131,523	15,172,983
Interest paid	(3,122,423)	(2,899,206)
Taxation paid	(1,656,731)	(2,234,078)
Amounts with parent and fellow subsidiaries	(731,340)	5,977,329
Other	(650,855)	(2,538,720)
	4,463,209	20,397,462
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	(15,043,631)	3,586,093
Purchase of property, plant, equipment and intangibles	(372,599)	(355,590)
Proceeds on sale of property, plant and equipment	9,013	6,094
	(15,407,217)	3,236,597
Cash flows used in financing activities		
Dividends paid	(2,576,837)	(2,576,837)
	(2,576,837)	(2,576,837)
Effect of exchange rate on cash and cash equivalents	283,167	2,166,846
Net change in cash and cash equivalents	(13,237,678)	23,224,068
Cash and cash equivalents at beginning of period	45,384,028	43,106,670
Cash and cash equivalents at end of period	**32,146,350**	**66,330,738**
Represented by :		
Cash resources	73,444,860	86,782,592
Less statutory reserves at Bank of Jamaica	(20,893,358)	(20,162,476)
Less amounts due from Bank of Jamaica greater than ninety days	(2,950,000)	-
Less amounts due from other banks greater than ninety days	(17,954,609)	(5,492,425)
Less accrued interest on cash resources	(54,181)	(29,208)
Pledged assets and repurchase agreements assets less than ninety days	2,563,410	8,008,288
Cheques and other instruments in transit, net	(2,009,772)	(2,776,033)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**32,146,350**	**66,330,738**

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

April 30, 2015
Unaudited

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	1,565,221	8,282,018	3,314,682	1,689,355	2,412,825	464,050	-	17,728,151
Revenues from other segments	(132,854)	(446,446)	546,670	(20,229)	70,185	9,882	(27,208)	-
Total Revenues	1,432,367	7,835,572	3,861,352	1,669,126	2,483,010	473,932	(27,208)	17,728,151
Expenses	(329,892)	(6,214,141)	(3,123,189)	(971,176)	(1,059,729)	(18,877)	(46,350)	(11,763,354)
Profit Before Tax	1,102,475	1,621,431	738,163	697,950	1,423,281	455,055	(73,558)	**5,964,797**
Taxation								(2,119,513)
Profit for the year								**3,845,284**

Consolidated Balance Sheet

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	107,301,888	93,292,484	68,884,783	68,225,079	54,735,538	24,610,188	(18,554,472)	398,495,488
Unallocated assets								15,224,212
Total Assets								413,719,700
Segment liabilities	4,794,543	117,417,652	109,509,107	54,341,752	44,213,555	116,436	(9,892,973)	320,500,072
Unallocated liabilities								11,404,788
Total liabilities								331,904,860
Other Segment items:								
Capital Expenditure	-	226,822	139,570	4,589	1,618	-	-	372,599
Impairment losses on loans	-	589,390	49,718	(1,956)	-	-	-	637,152
Depreciation and amortisation	-	162,889	81,337	55,072	4,558	-	-	303,856

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

April 30, 2014 (Restated)

Unaudited

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	1,620,834	7,609,734	3,088,770	2,116,502	2,182,160	738,244	-	17,356,244
Revenues from other segments	(302,026)	(333,122)	600,477	(60,436)	94,175	3,095	(2,163)	-
Total Revenues	1,318,808	7,276,612	3,689,247	2,056,066	2,276,335	741,339	(2,163)	17,356,244
Expenses	(198,879)	(6,064,066)	(2,781,358)	(874,807)	(764,027)	(16,558)	(68,147)	(10,767,842)
Profit Before Tax	1,119,929	1,212,546	907,889	1,181,259	1,512,308	724,781	(70,310)	**6,588,402**
Taxation								(1,627,289)
Profit for the year								**4,961,113**

Consolidated Balance Sheet

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	106,907,590	86,830,332	64,054,516	73,676,027	52,926,868	26,058,681	(18,554,700)	391,899,314
Unallocated assets								12,745,187
Total Assets								404,644,501
Segment liabilities	10,139,880	109,590,513	105,309,630	60,623,257	43,321,803	122,193	(10,102,991)	319,004,285
Unallocated liabilities								9,624,285
Total liabilities								328,628,570
Other Segment items:								
Capital Expenditure	-	194,010	150,674	182	10,724	-	-	355,590
Impairment losses on loans	-	863,801	18,610	(3,626)	-	-	-	878,785
Depreciation and amortisation	-	157,575	79,370	120,334	4,096	-	-	361,375

1. **Identification**
   Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of The Bank of Nova Scotia, which is incorporated and domiciled in Canada and is the ultimate parent.

   The Company is the parent of the Bank of Nova Scotia Jamaica Limited (100%), Scotia Investments Jamaica Limited (77.01%) and Scotia Jamaica Micro Finance Limited (100%).

2. **Basis of presentation**
   The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended October 31, 2014, which was prepared in accordance with International Financial Reporting Standards, except for the adoption of relevant new standards and interpretations effective as of January 1, 2014. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

   New and revised standards that became effective during the financial year:

   IFRIC 21, Levies, effective for accounting periods beginning on or after January 1, 2014 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only when the triggering event specified in the legislation occurs. This standard impacted the Group's financial results and was also applied retrospectively in accordance with the transition provisions of the standard, refer to note 10.

   Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12- Disclosure of interest in Other Entities and IAS 27- Consolidated and Separate Financial Statements is effective for accounting periods beginning on or after January 1, 2014. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its consolidated financial statements. In addition, the amendments introduce new disclosure requirement related to investment entities in IFRS 12, Disclosure of Interests in Other Entities and IAS 27, Separate financial Statements. This standard did not have any effect on the interim financial statements.

   Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Group are as follows:

   - **IFRS 3, Business Combinations** is amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, Financial Instruments: Presentation, rather than to any other IFRS. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss. Consequential amendments are also made to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 9, Financial Instruments to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37, Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3, has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, Joint Arrangements i.e. including joint operations in the financial statements of the joint arrangements themselves.

2. Basis of presentation (continued)

Improvements to IFRS 2010-2012 and 2011-2013 cycles amendments (continued) :

- **IFRS 13, Fair Value Measurement** is amended to clarify that issuing of the standard and consequential amendments to IAS 39, and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- **IAS 24, Related Party Disclosures** has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

The Improvements to IFRS 2010-2012 and 2011-2013 cycles had no material impact on the Group's interim results.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of the Company and its subsidiaries presented as a single economic entity. Intra-group transactions, balances, and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

3. Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

<u>Financial Assets at Fair Value through Profit and Loss</u>

This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

<u>Held-to-Maturity</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

<u>Available-for-sale</u>

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale investments and financial assets at fair value through profit and loss are carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of trading securities are included in the statement of revenue and expenses in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in the statement of comprehensive income. Interest calculated using the effective interest method is recognized in the statement of revenue and expenses.

4. Pledged Assets

Assets are pledged to other financial institutions, regulators, the clearing house and as collateral under repurchase agreements with counterparties.

($ Millions)

	2015	2014
Investments pledged as collateral for securities sold under repurchase agreements	38,730	50,229
Capital Management and Government Securities funds	8,895	9,098
Securities with regulators, clearing houses and other financial institutions	9,334	9,815
	56,959	69,142

5. Insurance and investment contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

6. Loan loss provision

IFRS loan loss provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or last reprice date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the statement of financial position.

7. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation.

8. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than ninety days, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

9. Employee benefits

The Group operates both defined benefit and defined contribution pension plans. The assets of the plans are held in separate trustee-administered funds. The pension plans are funded by contributions from employees and by the relevant group companies, taking into account the recommendations of qualified actuaries.

Defined Benefit Plan:

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets.

9. Employee benefits (continued)

Defined Benefit Plan:
Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged as an expense in such a manner as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year in accordance with IAS 19. Re-measurements comprising actuarial gains and losses, return on plan assets and change in the effect of asset ceiling are reported in other comprehensive income The pension obligation is measured as the present value of the estimated future benefits of employees, in return for service in the current and prior periods, using estimated discount rates based on market yields on Government securities which have terms to maturity approximating the terms of the related liability.

Other post-retirement obligations:
The Group also provides supplementary health care and insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the completion of a minimum service period and the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by qualified independent actuaries.

Defined contribution plan- contributions to this plan are charged to the statement of revenue and expenses in the period to which they relate.

10. Restatement of Comparative Financial Information

a) **Adoption of IFRIC 21, Levies:-**
Scotia Group adopted IFRIC 21, Levies, which is effective for annual periods beginning on or after January 1, 2014. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. The Institute of Chartered Accountants of Jamaica has issued an advisory to clarify the accounting treatment of Asset Tax under IFRIC 21, which indicates that the obligating event for Asset Tax under the Taxation Act is the entity being in existence for any part of the Year of Assessment. Therefore the liability for Asset Tax is triggered on the first day of an entity's financial year which forms the basis period for the Year of Assessment. Consequently, the full liability relating to the Asset Tax for the Group has been accounted for on November 1, 2014, the first day of the 2015 financial year. Prior to IFRIC 21, the asset tax was accrued evenly throughout the financial year. The financial statements for the prior periods were restated to show the effect of these changes on the statement of revenue and expenses and statement of financial position. The impact of IFRIC 21 on the 2015 and 2014 financial statements are outlined below.

b) **Reclassification of premium tax**
Tax on insurance premium income represents tax on revenues, rather than profits as required by IAS 12, Income Taxes. Premium income tax was therefore reclassified from taxation to operating expenses on the Statement of Revenue and Expenses.

10. Restatement of Comparative Financial Information (continued)

	For the Six Months Ended					
	Includes IFRIC 21 As reported April 30, 2015	Incremental Effect of IFRIC 21	Excludes IFRIC 21 April 30, 2015	Includes IFRIC 21 Restated April 30, 2014	Incremental Effect of IFRIC 21	Excludes IFRIC 21 As previously reported April 30, 2014
Net Income $'Millions	3,845	639	4,484	4,961	(56)	4,905
Net Income attributable to common shareholders $'Millions	3,753	621	4,374	4,797	(59)	4,738
Earnings per share	$1.21	$0.20	$1.41	$1.54	($0.02)	$1.52
Return on average equity (annualized)	9.71%	1.73%	11.44%	13.50%	-0.09%	13.41%
Return on assets (annualized)	1.81%	0.30%	2.11%	2.37%	-0.03%	2.34%
Productivity ratio	66.35%	-3.60%	62.75%	62.04%	0.07%	62.11%

	For the Six Months Ended				For the Three Months Ended			
$'Millions	As previously reported April 30, 2014	Effect of IFRIC 21	Reclassification of Premium Tax	Restated April 30, 2014	As previously reported April 30, 2014	Effect of IFRIC 21	Reclassification of Premium Tax	Restated April 30, 2014
Statement of Revenue and Expenses								
Total operating income	16,477	-	-	16,477	8,213	-	-	8,213
Operating expenses	(9,900)	56	(45)	(9,889)	(5,029)	419	(20)	(4,630)
Profit before taxation	6,577	56	(45)	6,588	3,184	419	(20)	3,583
Taxation	(1,672)	-	45	(1,627)	(820)	-	20	(800)
Profit for the period	4,905	56	-	4,961	2,364	419	-	2,783
Statement of Financial Position	As previously reported April 30, 2014	Effect of IFRIC 21	Reclassification of Premium Tax	Restated April 30, 2014	As previously reported October 31, 2014	Effect of IFRIC 21	Reclassification of Premium Tax	Restated October 31, 2014
Total assets	404,645	-	-	404,645	407,030	-	-	407,030
Total liabilities	329,169	(540)		328,629	328,327	(1,190)	-	327,137
Stockholders' equity	75,476	540		76,016	78,703	1,190	-	79,893
	404,645	-	-	404,645	407,030	-	-	407,030

11. Segment reporting

The Group is organized into six main business segments:

- Retail Banking – incorporating personal banking services, personal deposit accounts, credit and debit cards, customer loans and mortgages;
- Corporate and Commercial Banking – incorporating non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities and foreign currency transactions;
- Treasury – incorporating the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Investment Management Services- incorporating investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts.
- Insurance Services – incorporating the provision of life and medical insurance, individual pension administration and annuities;
- Other operations of the Group comprise the parent company and non trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions. The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas represent less than 10% of the Group's operating revenue and assets.